

THE EFFECTIVE DATE OF THIS ORDINANCE IS OCTOBER 19, 2004

ORDINANCE NO. 04-14-358

RE: Establishment of the Downtown Frederick Arts and Entertainment
Property Tax Credit

PREAMBLE

State law authorizes the Secretary of the Maryland Department of Business and Economic Development ("DBED") to designate arts and entertainment districts within the State. *Md. Annotated Code, Article 83A, § 4-701.*

Following numerous meetings to consider the feasibility of creating an arts and entertainment district in a specified portion of the downtown of the City of Frederick (the "City"), the Arts and Entertainment Task Force (the "Task Force"), which included a diverse group of public and private entities representing arts, entertainment, tourist and economic development interest within Frederick County (the "County") and the City, made an application to DBED requesting the creation of an Arts and Entertainment District in a designated downtown portion of the City (the "Downtown Frederick Arts and Entertainment District", or the "District"), to take effect on July 1, 2003 and to extend for a period of ten (10) years.

The City adopted Resolution No. 03-11 on March 6, 2003 supporting the application to establish the District.

By Resolution 03-06, dated March 27, 2003, the Board of County Commissioners of Frederick County, Maryland (the "Board") endorsed the application to request the designation of the District and, in the event the State designated the District, to consider the adoption of a County property tax credit program within the District in accordance with the Maryland Annotated Code, Tax Property Article, § 9-240.

The State of Maryland designated the District as an Arts and Entertainment District in May 2003, to be effective July 1, 2003.

The Board now desires to enact legislation that will provide a County property tax credit for certain qualifying renovation work performed on buildings that are located in the District and that will be used by a qualifying residing artist or an arts and entertainment enterprise.

A duly advertised public hearing on this proposed Ordinance was held on October 19, 2004. The public had an opportunity to comment on the proposed Ordinance.

NOW THEREFORE, BE IT ENACTED AND ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND, that a new Article IX is hereby added to Chapter 1-8 "Finance and Taxation" of the Frederick County Code to read as follows:

ARTICLE IX. ARTS AND ENTERTAINMENT PROPERTY TAX CREDIT

SEC. 1-8-411. ARTS AND ENTERTAINMENT PROPERTY TAX CREDIT

- A. ESTABLISHMENT. THE DOWNTOWN FREDERICK ARTS AND ENTERTAINMENT PROPERTY TAX CREDIT IS HEREBY ESTABLISHED.
- B. BOUNDARIES. THIS DOWNTOWN FREDERICK ARTS AND ENTERTAINMENT PROPERTY TAX CREDIT SHALL APPLY ONLY WITHIN THE DOWNTOWN FREDERICK ARTS AND ENTERTAINMENT DISTRICT. THE BOUNDARIES OF THE DOWNTOWN FREDERICK ARTS AND ENTERTAINMENT DISTRICT ARE SHOWN ON A MAP THAT IS ON FILE IN THE OFFICE OF THE BOARD OF COUNTY COMMISSIONERS AND A COPY OF THE MAP IS ATTACHED TO AND MADE A PART OF THIS ORDINANCE AS EXHIBIT A.
- C. QUALIFICATIONS. TO QUALIFY FOR THE DOWNTOWN FREDERICK ARTS AND ENTERTAINMENT PROPERTY TAX CREDIT, A PROPERTY MUST:
 - 1. BE LOCATED WITHIN THE FREDERICK ARTS AND ENTERTAINMENT DISTRICT;
 - 2. HAVE BEEN USED, BEFORE RENOVATION, AS A MANUFACTURING, COMMERCIAL OR INDUSTRIAL BUILDING; AND
 - 3. BE WHOLLY OR PARTIALLY RENOVATED FOR USE BY A QUALIFYING RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE.
- D. AMOUNT. THE AMOUNT OF THIS COUNTY PROPERTY TAX CREDIT SHALL BE EQUAL TO THE AMOUNT OF ANY COUNTY PROPERTY TAX INCREASE THAT IS ATTRIBUTABLE TO THE RENOVATION, SUBJECT TO THE PHASING SCHEDULE IN SUBSECTION F.

CAPITALS AND/OR UNDERLINING INDICATE ENTIRELY NEW MATTER ADDED TO THE CODE.

[Brackets] indicate matter deleted from existing Ordinance.

E. DURATION. THIS COUNTY PROPERTY TAX CREDIT SHALL RUN FOR A PERIOD NOT TO EXCEED SEVEN (7) CONSECUTIVE TAX YEARS. THE FIRST TAX YEAR THE TAX CREDIT SHALL BECOME AVAILABLE FOR AN ELIGIBLE BUILDING SHALL BE THE FIRST TAX YEAR IN WHICH A BUILDING'S PROPERTY TAXES WOULD OTHERWISE HAVE INCREASED DUE TO THE QUALIFYING RENOVATION (THE "FIRST TAX YEAR"). THE LAST TAX YEAR THE COUNTY PROPERTY TAX CREDIT SHALL BE AVAILABLE FOR A BUILDING SHALL BE THE EARLIER TO OCCUR OF:

- (i) THE SIXTH TAX YEAR THAT FOLLOWS THE FIRST TAX YEAR, OR
- (ii) THE TAX YEAR IN WHICH A BUILDING IS NO LONGER USED BY A QUALIFYING RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE.

F. PHASING SCHEDULE. COUNTY PROPERTY TAX CREDITS SHALL BE PHASED OUT IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

| <u>TAX YEAR</u> | <u>PERCENT OF COUNTY PROPERTY TAX CREDIT GRANTED IN A TAX YEAR</u> |
|------------------|--|
| 1 | 100% |
| 2 | 100% |
| 3 | 100% |
| 4 | 100% |
| 5 | 75% |
| 6 | 50% |
| 7 | 25% |
| 8 AND THEREAFTER | 0% |

G. EXPIRATION. THE ARTS AND ENTERTAINMENT DISTRICT COUNTY PROPERTY TAX CREDIT PROGRAM SHALL EXPIRE ON JUNE 30, 2013 AND APPLICANTS MAY NOT

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APPLY FOR A COUNTY PROPERTY TAX CREDIT FOR ANY QUALIFYING RENOVATION THAT COMMENCES AFTER JUNE 30, 2013. ANY QUALIFYING RENOVATION PROJECT ALREADY ACCEPTED INTO THE PROGRAM BY THIS DATE SHALL CONTINUE TO RECEIVE THE COUNTY PROPERTY TAX CREDIT AS PROVIDED IN THIS SECTION.

- H. FIRE TAX. THIS PROPERTY TAX CREDIT SHALL BE A CREDIT ONLY FROM THE COUNTY REAL PROPERTY TAX IMPOSED PURSUANT TO MD. ANNOTATED CODE TAX PROPERTY ARTICLE § 6-202 AND SHALL NOT BE A CREDIT FROM ANY SPECIAL TAXING DISTRICT TAX FOR FIRE AND RESCUE SERVICES IMPOSED PURSUANT TO FREDERICK COUNTY PUBLIC LOCAL LAW SECTION 2-8-6 OR SIMILAR LEGISLATION.
- I. APPLICATIONS. A PROPERTY OWNER MAY APPLY FOR A COUNTY PROPERTY TAX CREDIT UNDER THIS ARTICLE BY SUBMITTING AN APPLICATION TO THE COUNTY FINANCE DIRECTOR.
- J. DEFINITIONS.
- (i) THE TERMS USED HEREIN SHALL HAVE THE SAME MEANINGS AS PROVIDED IN THE APPLICABLE SECTIONS OF THE ANNOTATED CODE OF MARYLAND, UNLESS EXPRESSLY PROVIDED OTHERWISE.
 - (ii) “ARTS AND ENTERTAINMENT ENTERPRISE” MEANS A FOR PROFIT OR NONPROFIT ENTITY DEDICATED TO VISUAL OR PERFORMING ARTS.
 - (iii) “QUALIFYING RESIDING ARTIST” MEANS AN INDIVIDUAL WHO:
 - a. OWNS OR RENTS RESIDENTIAL REAL PROPERTY IN AN ARTS AND ENTERTAINMENT

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DISTRICT AND CONDUCTS A BUSINESS IN THE ARTS AND ENTERTAINMENT DISTRICT; AND

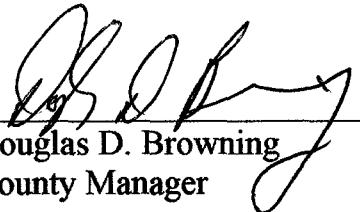
- b. DERIVES INCOME FROM THE SALE OR PERFORMANCE WITHIN THE ARTS AND ENTERTAINMENT DISTRICT OF AN ARTISTIC WORK THAT THE INDIVIDUAL WROTE, COMPOSED, OR EXECUTED, EITHER SOLELY OR WITH ONE OR MORE OTHER INDIVIDUALS.

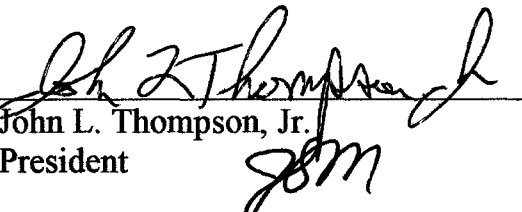
AND BE IT FURTHER ENACTED AND ORDAINED that this Ordinance shall take effect on October 19, 2004.

The undersigned hereby certifies that this Ordinance was approved and adopted on the 19th day of October, 2004.

ATTEST:

BOARD OF COUNTY COMMISSIONERS
OF FREDERICK COUNTY, MARYLAND


Douglas D. Browning
County Manager


John L. Thompson, Jr.
President

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